

## Message Text

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WARREN W GLICK, ACTG EXEC VICE PRES.

EB/ODF/RSWART

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

UNCLAS STATE 178440

E.O. 11652: N/A

TAGS: APUB, AR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO ARGENTINA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 5,580,000 IN FAVOR OF FATE S.A.E.C. E I. (FATE) OF ARGENTINA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, THURSDAY, JULY 31, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 5,580,000 SUPPORTS DOLS 13,950,000 SALE OF U.S. EQUIPMENT FOR TIRE PLANT EXPANSION IN ARGENTINA

TO SUPPORT A DOLS 13,950,000 SALE OF US EQUIPMENT AND SERVICES TO FATE S.A.I. E. E I. (FATE) OF ARGENTINA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 5,580,000.

FATE, A PRIVATELY-OWNED ARGENTINE COMPANY ESTABLISHED IN 1940,  
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IS ONE OF FOUR MAJOR TIRE PRODUCERS IN THE COUNTRY AND THE ONLY

ONE WHOLLY-ARGENTINE OWNED. IT PRODUCES A WIDE VARIETY OF RUBBER TIRES AND TUBES FOR AUTOMOBILES, LIGHT AND HEAVY TRUCKS, BUSES, TRACTORS, LOADER/GRADERS, EARTHMOVING EQUIPMENT, MOTORCYCLES, AND BICYCLES, AS WELL AS TIRE ACCESSORIES.

ITEMS TO BE PURCHASED IN THE US INCLUDE BATCHERS, PRESSER, EXTRUDERS, CALENDARS AND A DIP UNIT AND RELATED SERVICES. GENERAL TIRE INTERNATIONAL OF AKRON, OHIO, WILL ACT AS FATE'S PURCHASING AGENT WITH A LARGE NUMBER OF US SUBSUPPLIERS NOT YET SELECTED.

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY POINTED OUT THAT THESE EXPORTS WOULD BOLSTER EMPLOYMENT IN A US INDUSTRY WHICH HAS BEEN HARD HIT BY THE CURRENT ECONOMIC DECLINE OF 7.4 PERCENT SINCE MARCH 1974.

THE EXIMBANK CREDIT REPRESENTS 40 PERCENT OF THE TOTAL US SALE. EXIMBANK WILL ALSO PROVIDE A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 3,487,500 FROM PRIVATE SOURCES NOT YET DESIGNATED TO FINANCE 25 PERCENT OF THE US COSTS. AN ADDITIONAL CREDIT OF DOLS 2,790,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 20 PERCENT OF THE US COSTS AND FATE WILL MAKE CASH PAYMENT OF 15 PERCENT, REPRESENTING THE BALANCE OF THE US COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO FATE OF 8.5 PERCENT TO 8.75 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 12 SEMIANNUAL INSTALLMENTS BEGINNING MARCH 5, 1978, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF W PORTION OF THE THIRD INSTALLMENT AND ALL OF INSTALLMENTS 4 THROUGH 12. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY BANCO NACIONAL DE DESARROLLO, ARGENTINA'S NATIONAL DEVELOPMENT BANK. UNQUOTE. INGERSOLL

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**Subject:** PRESS RELEASE ON EXIMBANK CREDIT TO ARGENTINA FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-  
**TAGS:** APUB, AR  
**To:** BUENOS AIRES  
**Type:** TE  
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